

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 DHA-02 EB-07 COME-00 TRSE-00 FEAE-00
INT-05 PM-04 NSC-05 SP-02 SS-15 CIAE-00 DODE-00
INR-07 NSAE-00 PA-01 USIA-06 PRS-01 /068 W
-----021930Z 036194 /43

R 021027Z JUN 77
FM AMEMBASSY BUCHAREST
TO SECSTATE WASHDC 3593
INFO AMEMBASSY MOSCOW

LIMITED OFFICIAL USE BUCHAREST 4054

E.O. 11652: N/A
TAGS: EEWT, ETRD, EMIN, ENRG, RO
SUBJECT: SECOND ROMANIAN LONG-TERM COAL PURCHASE FROM U.S.

REF: A) BUCHAREST 4045, B) BUCHAREST 3958

1. COMMERCIAL SIDE OF BARBU NICULESCU'S VISIT (SEE BUCHAREST 4045 FOR HIS CALL ON CEAUSESCU) YIELDED 10-YEAR CONTRACT FOR SUPPLY OF 4 MILLION TONS OF METALLURGICAL GRADE COAL. CONTRACT, WHICH REPORTEDLY NEGOTIATED DIRECTLY WITH PATAN, DIVIDED INTO TWO FIVE-YEAR PERIODS. DELIVERIES IN FIRST FIVE YEARS WILL TOTAL ONE MILLION TONS IN EQUAL QUARTERLY INSTALLMENTS. NICULESCU WILL PURCHASE COAL THROUGH HIS FIRM ROMNIC FROM UNIDENTIFIED PENNSYLVANIA MINE OPERATOR. INDIVIDUAL SHIPMENTS WILL BE MADE ON BASIS OF CONFIRMED, IRREVOCABLE 1/C. SHIP-PINT WILL INITIALLY BE ARRANGED BY NICULESCU (THROUGH BALTIMORE) WITH ROMANIANS HAVING OPTION TO ASSUME TRANSPORTATION RESPONSIBILITY AFTER 1980. COAL IS REPORTEDLY DESTINED FOR GALATI STEEL COMBINE.

2. IN CONJUNCTION WITH SALE, NICULESCU PLANS TO OPEN REPRESENTATIONAL OFFICE IN BUCHAREST. OFFICE WILL BE RUN BY HIS ROMANIAN NEPHEW MIREL BERNACKI. ACCORDING
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TO NICULESCU, PATAN GAVE INSTRUCTIONS TO CHAMBER OF COMMERCE TO APPROVE ESTABLISHMENT OF OFFICE WITHOUT FURTHER FORMALITIES.

3. COMMENT. ROMNIC CONTRACT IS ROMANIA'S SECOND, LARGE LONG-TERM PURCHASE OF U.S. METALLURGICAL COAL IN WEEK (ASSUMING ISLAND CREEK NEGOTIATIONS ARE FAVORABLY CONCLUDED

ON SCHEDULE -- BUCHAREST 3958). GOR HAS EVIDENTLY DECIDED THAT IT DOES NOT WISH TO RELY ENTIRELY ON SPOT COAL, AS HAS BEEN PRACTICE OF PAST TWO YEARS, TO SUPPLY ROMANIA'S AMBITIOUS STEEL PROGRAM. SPOT COAL PURCHASES SEEM, NEVERTHELESS, TO CONTINUE TO HAVE PLACE IN ROMANIAN PLANS. WE UNDERSTAND FROM GORE OF ISLAND CREEK THAT GOR PLANS PURCHASE OF 800,000-1,000,000 TONS OF COAL FROM U.S. IN 1978. IF EXPORTS OF THIS MAGNITUDE IN FACT MATERIALIZE, THEY WILL PROVIDE TREMENDOUS SPUR TO GROWTH IN BILATERAL TRADE. AT \$50-65 PER TON, PROJECTED ROMANIAN COAL PURCHASES COULD REACH LEVEL OF \$40-65 MILLION NEXT YEAR, COMPARED WITH 1976 LEVEL OF \$10 MILLION. WE HAVE THUS FAR NO INSIGHT INTO WHAT SIGNIFICANCE THESE SALES HAVE FOR SOVIET SUPPLIES OF COKING COAL BEYOND BLAND ROMANIAN COMMENT THAT GROWING DOMESTIC DEMAND FOR COAL WILL REQUIRE GROWTH IN IMPORTS FROM NUMBER OF SOURCES.

VIETS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROCUREMENT, COAL, MARINE TRANSPORTATION, JOINT VENTURES, NEGOTIATIONS, CONTRACTS
Control Number: n/a
Copy: SINGLE
Sent Date: 02-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BUCHAR04054
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770197-0089
Format: TEL
From: BUCHAREST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770699/aaaadiwt.tel
Line Count: 79
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 191bc486-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BUCHAREST 4045, 77 BUCHAREST 3958
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2310319
Secure: OPEN
Status: NATIVE
Subject: SECOND ROMANIAN LONG-TERM COAL PURCHASE FROM U.S.
TAGS: EEWT, ETRD, EMIN, ENRG, RO, US
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/191bc486-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009